

## Message Text

UNCLASSIFIED

PAGE 01 OECD P 29102 01 OF 04 041955Z

42

ACTION EUR-12

INFO OCT-01 ISO-00 SS-15 AID-05 CEA-01 CIAE-00 COME-00

EB-07 EA-10 FRB-01 INR-07 IO-10 NEA-10 NSAE-00 RSC-01

OPIC-06 SP-02 TRSE-00 CIEP-02 LAB-04 SIL-01 SWF-01

OMB-01 AGR-10 L-02 H-02 TAR-01 STR-04 FEAE-00 INT-05

EURE-00 /121 W

----- 079880

P 041918Z DEC 74

FM USMISSION OECD PARIS

TO SECSTATE WASH DC PRIORITY 4593

UNCLAS SECTION 01 OF 04 OECD PARIS 29102

DEPT PASS COMMERCE FOR ROSENBLATT

E.O. 11652: N/A

TAGS: EIND, OECD

SUBJECT: 25TH SESSION - INDUSTRY COMMITTEE

REF: IND/A(74)3

1. SUMMARY: INDUSTRY COMMITTEE (IC) CONSIDERED ITS POSSIBLE ROLE IN RELATION TO PROPOSED "SECTORAL" (OR STRUCTURAL) APPROACH TO CURRENT INTERNATIONAL ECONOMIC PROBLEMS IN EXECUTIVE COMMITTEE IN SPECIAL SESSION (XCSS). IT AGREED TO OFFER ITS (AND INDUSTRY SECRETARIATS) SERVICES TO SEC GEN AND XCSS TO SUPPORT WORK DECIDED THERE, BUT IT TOOK NO SPECIFIC DECISIONS REGARDING ITS WORK PROGRAM DESPITE CONCERN OF SOME IC MEMBERS THAT SEC GEN'S PROPOSAL MIGHT PREEMPT SOME AREAS IN WHICH IC HAS TRADITIONAL RESPONSIBILITIES AND COMPETENCE. RE ADAPTATION PROCESS, HIGHLY DETAILED JAPANESE PRESENTATION WAS IMPRESSIVE, ESPECIALLY ITS FORECASTS FOR JAPANESE ECONOMY THROUGH 1985. OTHER ROUTINE MATTERS CONCERNED A DECISION TO PROCEED WITH FOUR AD HOC

UNCLASSIFIED

UNCLASSIFIED

PAGE 02 OECD P 29102 01 OF 04 041955Z

WORKING PARTIES IN IRON/STEEL, PULP/PAPER, ALUMINUM

AND TEXTILES. 26TH IC SESSION SCHEDULED FOR WEEK MARCH 10 AND 27TH SESSION TENTATIVELY FOR WEEK JUNE L6, 1975. SAM ROSENBLATT, DOC, LED US DEL. END SUMMARY.

2. THOUGH IT WAS NOT ON AGENDA, IC SPENT CONSIDERABLE TIME CONSIDERING IMPLICATIONS FOR ITS PROGRAM AND PARTICULARLY FOR INDUSTRY SECRETARIAT OF NOVEMBER L5 STATEMENT OF SEC GEN (CES/74.111) RELATED TO MEETING OF EXECUTIVE COMMITTEE IN SPECIAL SESSION NOVEMBER 25-26 (USOEC D 27478 AND 28538). IN THE STATEMENT SEC GEN REFERRED TO POSSIBLE DISCUSSIONS OF "SECTORAL..PROBLEMS, MENTIONING SPECIFICALLY FERTILIZER, AUTOMOBILE, STEEL, AND PAPER INDUSTRIES AS APPROPRIATE SECTORS. AFTER A NUMBER OF EXPRESSIONS OF CONCERN THAT THIS APPROACH WOULD PREEMPT IC'S NORMAL RESPONSIBILITIES, IC AGREED CHAIRMAN SHOULD SEND LETTER TO THE SEC GEN PRIOR TO NOVEMBER 25-26 XCSS MEETING TO DESCRIBE BRIEFLY IC'S COMPE- TENCE AND EXPERIENCE IN INDUSTRIAL ADAPTATION POLICY' AND TO EXPRESS ITS WILLINGNESS TO SUPPORT ANY WORK THE SEC GEN AND EXECUTIVE COMMITTEE MIGHT BELIEVE APPROPRIATE IN THIS AREA.

3. PERSPECTIVE REVIEW - (ITEM 4)

DELEGATIONS BRIEFLY REVIEWED RECENT POLICY DEVELOPMENTS AND PROBLEMS IN THEIR OWN COUNTRY OVER PAST YEAR. PROBLEMS OF PARTICULAR CONCERN WERE INFLATION AND ITS IMPACT ON COST AND PRICES, PARTICULARLY ON ENERGY AND RAW MATERIALS. IT WAS NOTED THAT RECENT TRENDS HAD INDICATED CONSIDERABLE SLACKENING IN MOST ECONOMIES WITH RISING UNEMPLOYMENT. HOWEVER, THE IMPACT OF INFLATION AND UNEMPLOYMENT WAS SHARPLY DIFFERENTIATED AMONG DIFFERENT SECTORS OF THE ECONOMY WITH CONSTRUCTION, AUTOMOBILE AND TEXTILE INDUSTRIES PARTICULARLY HARD HIT.

THOSE NATIONS THAT DID NOT SUBMIT A STATEMENT WERE INVITED TO DO SO BEFORE THE END OF NOVEMBER. UPON

UNCLASSIFIED

UNCLASSIFIED

PAGE 03 OECD P 29102 01 OF 04 041955Z

UNCLASSIFIED

NNN

UNCLASSIFIED

PAGE 01 OECD P 29102 02 OF 04 041936Z

42

ACTION EUR-12

INFO OCT-01 ISO-00 EURE-00 SS-15 AID-05 CEA-01 CIAE-00

COME-00 EB-07 EA-10 FRB-01 INR-07 IO-10 NEA-10

NSAE-00 RSC-01 OPIC-06 SP-02 TRSE-00 CIEP-02 LAB-04

SIL-01 SWF-01 OMB-01 AGR-10 L-02 H-02 TAR-01 STR-04

FEAE-00 INT-05 /121 W

----- 079689

P 041918Z DEC 74

FM USMISSION OECD PARIS

TO SECSTATE WASH DC PRIORITY 4594

UNCLAS SECTION 02 OF 04 OECD PARIS 29102

RECEIPT OF ALL REPORTS THE SECRETARIAT WILL PREPARE A  
NOTE SUMMARIZING BOTH WRITTEN MATERIAL AND ORAL DISCUS-  
SION.

NO USG ACTION REQUIRED.

#### 4. AUSTRALIA'S INDUSTRIAL POLICY - (ITEM 5)

AUSTRALIAN DELEGATION PRESENTED A FULL AND THOROUGH RE-  
VIEW OF ITS INDUSTRIAL POLICY. PRESENTATION WAS FOLLOW-  
ED BY IN-DEPTH DISCUSSION.

#### 5. ADAPTATION PROCESS - (ITEM 6)

CANADA AND JAPAN PRESENTED IN-DEPTH REVIEWS OF THEIR  
CURRENT PROGRAMS. BELGIUM ALSO PRESENTED A BRIEF STATE-  
MENT ON THE BENELUX PROGRAM. POINTS RAISED DURING DIS-  
CUSSION INCLUDED:

A) TO WHAT EXTENT CAN ADAPTATION POLICY BE ANTICIPATORY  
IN ORDER TO MINIMIZE THE DISRUPTIVE EFFECTS ON INTER-  
UNCLASSIFIED

UNCLASSIFIED

PAGE 02 OECD P 29102 02 OF 04 041936Z

NATIONAL MECHANISMS,(E.G. TRADE VALUES AND PATTERNS

FROM LDCS TO DEVELOPED COUNTRIES).

B) WHAT CRITERIA SHOULD BE USED TO GOVERN THE ALLOCATION OF THE RESOURCES INVOLVED IN ADAPTATION PROGRAMS TO THE VARIOUS SECTORS.

C) SECTORAL POLICIES MUST BE COORDINATED WITH AND PERHAPS PLAY A SECONDARY ROLE TO HORIZONTAL OR GLOBAL POLICIES SUCH AS FISCAL AND MONETARY POLICIES.

D) WHAT IS APPROPRIATE TIME FRAME IN WHICH ADAPTATION POLICY SHOULD BE DEVELOPED.

E) HOW TO MEASURE AND ASSESS COST AND BENEFITS ASSOCIATED WITH ADAPTATION POLICY. (THIS WAS RECOGNIZED AS ONE OF THE MOST DIFFICULT ASPECTS OF THIS EXERCISE.)

F) WHAT SHOULD BE THE IMPLEMENTING MECHANISMS OF ADAPTATION PROGRAMS. (THERE WAS GENERAL AGREEMENT THAT THERE IS AN APPROPRIATE ROLE FOR FEDERAL, STATE, AND LOCAL GOVERNMENTS AS WELL AS THE PRIVATE SECTOR.

G) THE IMPACT OF ADAPTATION POLICY ON INTERNATIONAL TRADE ALWAYS MUST BE KEPT IN MIND.

THE JAPANESE PRESENTATION WAS IMPRESSIVE RE THE AMOUNT

OF DETAIL IT CONTAINED AS WELL AS ITS QUITE SPECIFIC FORECASTS FOR THE JAPANESE ECONOMY THROUGH 1985, INCLUDING PRESENT SECTORAL DETAILS ON EMPLOYMENT, INVESTMENT, PRODUCTION, IMPORTS AND EXPORTS.

THE SECRETARIAT WILL PREPARE A DRAFT OF ADAPTATION PROCESS DISCUSSION FOR CONSIDERATION AT IC'S 26TH SESSION. THE SECRETARIAT WILL ALSO DISTRIBUTE AN OUTLINE TO BE USED BY MEMBER NATIONS IN PREPARING REPLIES TO THE SECRETARIAT ON THIS QUESTION.

#### 6. ENERGY AND RAW MATERIALS - (ITEM 7)

IC DISCUSSION OF THIS SUBJECT WAS PRECEDED BY NOVEMBER 18 MEETING OF INTERESTED DELEGATIONS. DELEGATIONS REVIEWED AND DISCUSSED SUBMISSIONS OF 14 COUNTRIES INCLUDING US ON THE IMPACT OF COST AND AVAILABILITY OF ENERGY AND RAW MATERIALS. DISCUSSION FOCUSED ON SUBSTITUTION PROGRAMS AND POSSIBILITIES, AS WELL AS ON THE UNCLASSIFIED

UNCLASSIFIED

PAGE 03 OECD P 29102 02 OF 04 041936Z

IMPACT OF RAW MATERIAL PRICES ON END-PRODUCTS. IT WAS NOTED THAT CONDITIONS HAD CHANGED SINCE THE JUNE INDUSTRY COMMITTEE MEETING AND THE RAPIDITY OF PRICE INCREASES IN RAW MATERIALS HAD CLEARLY SUBSIDED. DELEGATES ALSO NOTED THAT MOST PRICES WERE NOT STABILIZING AT MUCH HIGHER LEVELS THAN PREVIOUSLY HAD BEEN CONSIDERED NORMAL, WHILE SOME PRICES, SUCH AS COPPER, HAVE ACTUALLY DECLINED. IN DETERMINING FUTURE WORK IN

THIS AREA, US DEL AND OTHERS PROPOSED, AND MOST PRACTIC-  
ABLE ANSWER, UTILIZING FOUR EXISTING AD HOC WPS TO  
FOCUS ON PROBLEMS AND ISSUES RAISED IN THIS DISCUSSION.

DELEGATIONS THAT HAD NOT RESPONDED TO THIS QUESTIONNAIRE  
WERE URGED TO DO SO. SECRETARIAT WAS DIRECTED TO ANA-  
LYZE RESPONSES RECEIVED AND PREPARE A REPORT FOR PRE-  
SENTATION TO THE IC'S 26TH SESSION. DECISION WAS MADE  
NOT TO HAVE ANOTHER MEETING OF THIS GROUP OF INTERESTED  
DELEGATIONS PRIOR TO THE 26TH SESSION.

7. SUBSIDIARY BODY REPORTS - (ITEM 8)

A) PULP AND PAPER:

UNCLASSIFIED

NNN

UNCLASSIFIED

PAGE 01 OECD P 29102 03 OF 04 041939Z

42

ACTION EUR-12

INFO OCT-01 ISO-00 EURE-00 SS-15 AID-05 CEA-01 CIAE-00

COME-00 EB-07 EA-10 FRB-01 INR-07 IO-10 NEA-10

NSAE-00 RSC-01 OPIC-06 SP-02 TRSE-00 CIEP-02 LAB-04

SIL-01 SWF-01 OMB-01 AGR-10 L-02 H-02 TAR-01 STR-04

FEAE-00 INT-05 /121 W

----- 079743

P 041918Z DEC 74

FM USMISSION OECD PARIS

TO SECSTATE WASH DC PRIORITY 4595

UNCLAS SECTION 03 OF 04 OECD PARIS 29102

IC AGREED TO DERESTRICTION OF THIS REPORT AS ORIGINALLY  
AGREED UPON BY THE WP. SECRETARIAT WILL DRAFT REFER-  
ENCE THAT WHILE SWEDEN HAD RESERVATIONS- IT AGREED TO  
REPORT'S DERESTRICTION. AT US DEL INSISTENCE, SECRE-  
TARIAT'S LANGUAGE WILL BE REVIEWED BY DELEGATIONS PRIOR

TO DERESTRICTION. (COMMENTS WILL NEED TO BE RECEIVED  
WITHIN TWO WEEKS.)

ACTION REQUIRED: US REVIEW SECRETARIAT'S STATEMENT  
AND APPROVE DERESTRICTION.

B) IRON AND STEEL:

COMMITTEE AGREED TO DERESTRICTION BUT NOT PUBLICATION  
OF THIS REPORT. NO FURTHER ACTION REQUIRED.

C) ALUMINUM:

REVISED DRAFT OF ALUMINUM WP REPORT WILL BE SENT TO  
DELEGATIONS FOR REVIEW AND ACTION AT IC'S NEXT SESSION.  
UNCLASSIFIED

UNCLASSIFIED

PAGE 02 OECD P 29102 03 OF 04 041939Z

US, UK AND GERMANY OBJECTED TO ITS DERESTRICTION AT  
THIS TIME, WHICH NORWAY HAD REQUESTED.

8. TERMS OF REFERENCE FOR THE 4 AD HOC WPS - (ITEM 9)

ALL DELEGATIONS AGREED THAT TERMS OF REFERENCE DEVELOP-  
ED BY THE SECRETARIAT WERE TOO GENERAL AND BROAD TO  
PROVIDE SUFFICIENT GUIDANCE TO WPS IN THE DEVELOPMENT  
OF THEIR ADDITIONAL WORK. US DEL REFERRED TO RECENTLY  
COMPLETED REPORTS ON PULP/PAPER AND IRON/STEEL AS PRO-  
VIDING USEFUL GUIDANCE TO THOSE WPS; IN PARTICULAR RE-  
COMMENDATIONS 2 AND 3 REGARDING RECYCLING AND UTILIZA-  
TION OF BY-PRODUCTS (DIE/IND/PP/74.6 1ST REVISION,  
PART IV, P.7) AND PARA 129 OF THE IRON AND STEEL PAPER  
(DIE/IND/IS/74.2 FINAL, PAGE 40). CHAIRMAN INDICATED  
THAT DRAFTED TERMS OF REFERENCE WERE INTENDED TO BE  
BROAD, BUT IT WAS EXPECTED THAT EACH WP WOULD DEVELOP  
ITS OWN TERMS OF REFERENCE IN ACCORDANCE WITH THE PAR-  
TICULAR PROBLEMS OF ITS SECTOR, AND THESE WOULD BE  
SUBMITTED TO THE IC FOR APPROVAL AT THE 27TH SESSION.

9. FURTHER ITEMS FOR COMMITTEE DECISION - (ITEM 10)

A) TECHNOLOGICAL SERVICES:

SECRETARIAT TO PREPARE A PAPER BASED ON REPLIES ALREADY  
RECEIVED AND TO RETAIN A CONSULTANT (CONTINGENT ON IC  
BUDGET AND AVAILABILITY OF CONSULTANTS) TO HELP ORGANIZE  
THIS INFORMATION. A MEETING OF EXPERTS WOULD THEN BE  
CONVENED TO PREPARE FINAL REPORT FOR SUBMISSION TO IC  
AT ITS MARCH OR JUNE SESSION.

ACTION REQUIRED: US IS INVITED TO SUBMIT NAMES OF  
CONSULTANTS FOR CONSIDERATION.

B) AERONAUTICS:

ALL RESPONSES TO SECRETARIAT QUESTIONNAIRE WILL BE DISTRIBUTED FOR ANALYSIS BY DELEGATIONS. THE SUBJECT WILL BE REVIEWED AT IC'S JUNE SESSION FOR CONSIDERATION OF FURTHER WORK IN 1976. ADDITIONAL WORK IN AERONAUTICS SHOULD BE REVIEWED IN LIGHT OF NEW SENSE OF URGENCY  
UNCLASSIFIED

UNCLASSIFIED

PAGE 03 OECD P 29102 03 OF 04 041939Z

GIVEN TO SECTORAL STUDIES BY THE SEC GEN AND THE INDUSTRY COMMITTEE.

ACTION REQUIRED: US SHOULD PREPARE A POSITION FOR IC CONSIDERATION AT THE JUNE 1975 MEETING.

10. PROGRESS OF WORK IN OTHER AREAS - (ITEM 11)

A) INDUSTRIAL POLICY INSTRUMENTS:

SECRETARIAT IS PREPARING A DRAFT BASED UPON REPLIES ALREADY RECEIVED. THE US HAS NOT YET RESPONDED TO THIS QUESTIONNAIRE BECAUSE OF INHERENT DIFFICULTIES OF ASSESSING THE VARIOUS POLICY INSTRUMENTS. FURTHERMORE, THE IC WILL CONFINE ITS CONCERN WITH POLICY INSTRUMENTS TO THOSE AVAILABLE ONLY TO THE FEDERAL GOVERNMENT, AND WILL EXCLUDE STATE AND LOCAL PROGRAMS. A GROUP OF EXPERTS WILL MEET IN FEBRUARY TO REVIEW THIS MATERIAL FOR PRESENTATION AT THE 26TH SESSION.

ACTION REQUIRED: US SHOULD REVIEW ITS POSTURE RE FEASIBILITY OF RESPONDING TO THIS SURVEY.

B) MULTI-NATIONAL ENTERPRISES, REGIONAL DEVELOPMENT

UNCLASSIFIED

NNN

UNCLASSIFIED

PAGE 01 OECD P 29102 04 OF 04 041947Z

42

ACTION EUR-12

INFO OCT-01 ISO-00 EURE-00 SS-15 AID-05 CEA-01 CIAE-00

COME-00 EB-07 EA-10 FRB-01 INR-07 IO-10 NEA-10

NSAE-00 RSC-01 OPIC-06 SP-02 TRSE-00 CIEP-02 LAB-04

SIL-01 SWF-01 OMB-01 AGR-10 L-02 H-02 TAR-01 STR-04

FEAE-00 INT-05 /121 W

----- 079853

P 041918Z DEC 74

FM USMISSION OECD PARIS

TO SECSTATE WASH DC PRIORITY 4596

UNCLAS SECTION 04 OF 04 OECD PARIS 29102

POLICY AND FOOTWEAR AND LEATHER RELATED INDUSTRIES  
WERE NOT DISCUSSED.

11. POSSIBILITIES FOR COOPERATION ON DEVELOPMENT  
QUESTIONS - (ITEM 12)

IT WAS AGREED IN PRINCIPLE TO START WITH SWEDISH EXPERI-  
MENT OF PHASING OUT SWEDISH TEXTILE INDUSTRY, AND  
THE ADAPTATION PROGRAMS ADOPTED TO ACCOMPLISH THIS  
OBJECTIVE. THE MATTER WILL BE PRESENTED EITHER AT  
MARCH OR JUNE MEETINGS.

NO FURTHER ACTION IS REQUIRED AT THIS TIME.

12. OTHER BUSINESS

26TH SESSION OF THE INDUSTRY COMMITTEE HAS BEEN SCHE-  
DULED FOR MARCH 10-14 AND THE 27TH SESSION FOR THE  
WEEK OF JUNE 16 (TENTATIVE). A DRAFT AGENDA FOR THE  
26TH SESSION WILL INCLUDE THE FOLLOWING:

A) A DRAFT OUTLINE OF INDUSTRIAL ADAPTATION TO BE  
UNCLASSIFIED

UNCLASSIFIED

PAGE 02 OECD P 29102 04 OF 04 041947Z

PREPARED BY THE SECRETARIAT;

B) THE SECRETARIAT'S REPORT ON INDUSTRIAL POLICY  
INSTRUMENTS;

C) THE SECRETARIAT'S REPORT ON THE IMPLICATIONS OF THE  
ENERGY AND RAW MATERIAL COSTS AND AVAILABILITY;

D) REVIEW OF THE MANDATES OF THE 4 AD HOC SECTORAL  
GROUPS;

E) REVIEW OF THE 1976 WORK PROGRAM FOR INPUTS TO THE  
SECRETARIAT AND SECGEN;



F) COUNTRY ACTIVITIES AND DEVELOPMENTS IN EACH COUNTRY;  
G) PRESENTATION BY OTHER OECD ELEMENTS OF OVERALL ECONOMIC SITUATION.  
TURNER

UNCLASSIFIED

NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** ECONOMIC COOPERATION, ECONOMIC DEVELOPMENT, INFLATION, UNEMPLOYMENT, INDUSTRY, CONSTRUCTION, TEXTILES, COMMITTEE MEETINGS, TRADE LIBERLIZATION, AUT OMOBILES  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 04 DEC 1974  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** n/a  
**Disposition Approved on Date:**  
**Disposition Authority:** n/a  
**Disposition Case Number:** n/a  
**Disposition Comment:**  
**Disposition Date:** 01 JAN 1960  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1974OECDP29102  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Film Number:** D740352-0057  
**From:** OECD PARIS  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1974/newtext/t19741261/aaaacafb.tel  
**Line Count:** 443  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Office:** ACTION EUR  
**Original Classification:** UNCLASSIFIED  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 9  
**Previous Channel Indicators:** n/a  
**Previous Classification:** n/a  
**Previous Handling Restrictions:** n/a  
**Reference:** IND/A(74)3  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** izenbei0  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 04 OCT 2002  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <04 OCT 2002 by ReddocGW>; APPROVED <13 FEB 2003 by izenbei0>  
**Review Markings:**

Declassified/Released  
US Department of State  
EO Systematic Review  
30 JUN 2005

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** 25TH SESSION - INDUSTRY COMMITTEE  
**TAGS:** EIND, OECD  
**To:** STATE  
**Type:** TE  
**Markings:** Declassified/Released US Department of State EO Systematic Review 30 JUN 2005